



Uncompensated Care Pool PFY07 Annual Report

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Uncompensated Care Pool PFY07 Annual Report
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Introduction

The health care reform law (Chapter 58 of the Acts of 2006) included significant changes to the health care landscape in Massachusetts. Among these reforms were the creation of new subsidized insurance products through the Commonwealth Health Insurance Connector Authority (the Connector), the expansion of existing MassHealth programs, the implementation of an individual mandate to carry health insurance, and the transition of the Uncompensated Care Pool (UCP) to the Health Safety Net (HSN).

The UCP paid for medically necessary services provided by acute hospitals and community health centers (CHCs) to eligible low-income uninsured and underinsured people. In addition, the UCP reimbursed hospitals for emergency services for uninsured people from whom the hospitals were unable to collect payment [emergency room bad debt (ERBD) charges].

Transition to the Health Safety Net

Over the course of UCP Fiscal Year 2007 (PFY07), work began on transitioning the UCP to the HSN to set the stage for creation of the Health Safety Net Office and the implementation of new policy and payment systems required by the health care reform law. PFY07 was the last year for UCP policies and operational practices that are being

changed in HSN Fiscal Year 2008 (HSN08) including the payment system, data collection, eligibility rules, eligible services, and program integrity operations.

Payment and Data Collection

PFY07 was the last year in which hospitals were paid under a prospective payment system based on historical data. Beginning in HSN08, HSN payments are based on claims for services provided at rates based on Medicare payment principles. The change in payment systems necessitated a change in data collection. Historically, the Division required hospitals to report UCP data through both claims and Uncompensated Care Form (UC Form) submissions. In PFY07 the UC Form submission process was eliminated, and the Division moved to a claims-only submission process for hospitals. In HSN08, new HSN rules move to the industry standard “837 I” claims submission format for hospitals.

Eligibility

In October 2006, the Commonwealth Care insurance program became available for Massachusetts residents with income under 300% of the federal poverty level (FPL). Eligible individuals under 100% FPL were enrolled in the new Commonwealth Care program. Between October 2006 and December 2006, approximately 31,500 UCP eligible persons with incomes below 100% FPL were converted to Commonwealth Care and enrolled into a Plan Type 1 Managed Care Organization (MCO) plan. The remaining individuals maintained their UCP eligibility while simultaneously determined to be Commonwealth Care eligible and given the opportunity to enroll in MCO Plan Types II through IV. This group remained

dually eligible for the UCP and Commonwealth Care until October 2007, when approximately 48,530 HSN eligible individuals began to be notified that they had a limited number of days to enroll in Commonwealth Care before their HSN eligibility would terminate. The HSN began eligibility terminations for members of this group in December 2007 and concluded this process by mid-February 2008.

Eligible Services

Beginning in HSN08, the HSN pays for a defined set of services based on those services included in the MassHealth Standard benefit package. The move to claims based data submission for both hospitals and CHCs over the course of PFY07 was made in part to ensure the successful implementation of these new covered services rules for HSN08. In addition, all prescription claims for HSN patients are being processed through the MassHealth Pharmacy Online Payment System (POPS), providing a coordinated approach to coverage, prior authorization, payment, and post-payment review.

Program Integrity

As part of health care reform, the transition to the HSN includes the implementation of additional program integrity measures. Claims adjudication has been implemented to ensure that payments are made only for eligible patients and for eligible services. The Division has created new emergency room bad debt (ERBD) evidence submission requirements to ensure proper collection action from providers for ERBD claims submitted to the HSN. A financial audit and review program will be added to ensure appropriate billing and provider compliance with HSN regulations.

The Division coordinates with the Office of Medicaid (MassHealth) on several projects to leverage existing experience including implementing a third-party liability (TPL) identification process that iden-

tifies where other payers may be liable for care provided to HSN eligible patients. The Division will also enter into a contract to conduct ongoing post-payment clinical utilization review of claims in order to verify medical necessity and appropriate clinical billing practices. These measures ensure that HSN funds are appropriately spent, and provide data that will help inform future program decisions on allowable services.

The Division is coordinating with MassHealth and the Connector to implement measures at the point of application and after eligibility determination to ascertain whether HSN patients have access to affordable insurance (consistent with the affordability standard), and to preclude HSN eligibility if it is available.

PFY07 served as a transitional year, the effects of which can be seen in the Annual Report data presented below.

PFY07 Annual Report

Pursuant to Chapter 61 of the Acts of 2007, the Division of Health Care Finance and Policy submits quarterly and annual reports on the demographics and utilization patterns of individuals whose medical care is paid for by the UCP. This annual report covers UCP activity during PFY07 from October 1, 2006, through September 30, 2007, and reports on the number of inpatient discharges and outpatient visits by age, income, and diagnostic category, as well as average charge per inpatient discharge and outpatient visit, and other statistics pertinent to monitoring the UCP.

Analyses of the utilization patterns of UCP users, total charges, and allowable uncompensated care costs are based on claims for services billed to the UCP by each acute care hospital in the Commonwealth. Demographic information is taken from Medical Benefit Requests (MBRs) submitted through MassHealth. See Data Notes for further information on the data used in these analyses.

This report is organized into two sections containing the following information on UCP activity during PFY07:

Utilization

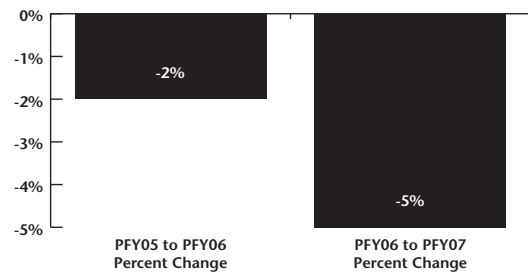
- *UCP Utilization Statistics*, including the number of individuals whose medical expenses were billed to the UCP, services provided to UCP users, and the volume of services provided;
- *UCP User Demographics*, including the insurance status of users and the volume of services and costs by gender, age, family income, and family size;
- *Services Billed to the UCP*, including details on the types of services received by UCP users, inpatient and outpatient volume and costs by age and gender, type of inpatient admission, top reasons for care, and average costs for inpatient discharges and outpatient visits.

Financing

- *Financing*, including the sources and uses of UCP funds, PFY07 hospital assessment and payment calculations, CHC payments, details about the UCP Demonstration Projects, and UCP settlement and audit information.

Utilization

Figure 1: Percent Change in Number of UCP Users, PFY05–PFY07



UCP Utilization Statistics

Number of Individuals Using the UCP

During PFY07, medical expenses for an estimated 422,495 individuals were billed to the UCP, representing a 5% decrease in UCP users compared with PFY06 when medical expenses for 445,210 individuals were billed to the UCP (see Figure 1).

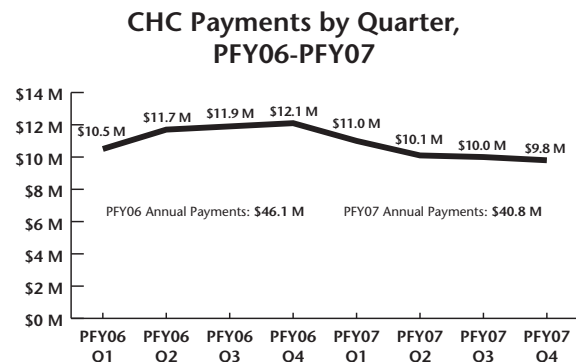
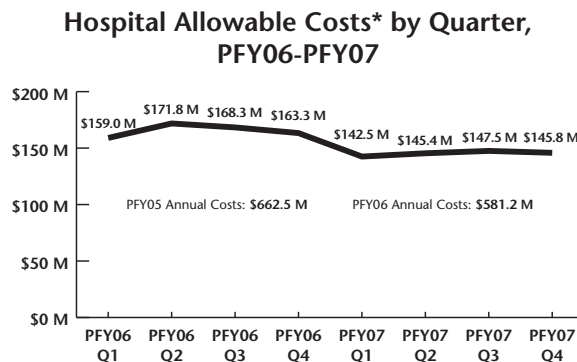
Allowable Costs Billed to the UCP

During PFY07 hospitals billed \$581.2 million in allowable uncompensated care costs¹ to the UCP, a 12% decrease from the \$662.5 million billed to the UCP in PFY06

(see Figure 2A). CHCs received \$40.8 million from the UCP during PFY07, which represents a 12% decrease over PFY06 when \$46.1 million was billed to the UCP (see Figure 2B).

PFY07 data reflect a continued decrease in the hospital growth rate of uncompensated care charges as well (see Figure 3). Hospital charges to the UCP decreased by 10% between PFY06 and PFY07 and by 2% between PFY05 and PFY06.

Figures 2A and 2B: Costs and Payments (in millions)



* PFY06 costs based on UC Form data and PFY07 costs based on claims data.

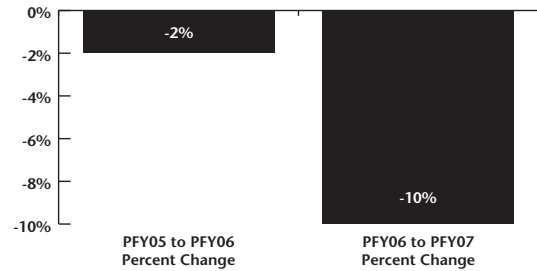
Volume of Services Provided

Table 1 summarizes the volume and costs of services billed to the UCP during PFY07. As in PFY06, inpatient discharges represented a small percentage (2%) of service volume, but a large percentage (30%) of allowable uncompensated care costs. In contrast, hospital outpatient visits (including visits to hospital-licensed health centers) accounted for 78% of services provided and 63% of costs. The remaining 20% of services and 7% of costs were for services delivered at free-standing CHCs.

Hospital services provided to uncompensated care patients accounted for 90% of all services and 87% of allowable hospital costs billed to the UCP. The remaining 10% of hospital services and 13% of allowable costs were for emergency room bad debt (ERBD) services. ERBD as a percentage of hospital services and costs increased from PFY06 when ERBD represented 9% of volume and 12% of costs.

Figures 4A, 4B, and 4C show the continuing decrease in UCP hospital utilization rates between PFY06 and PFY07. Outpatient visits by UCP users decreased 12% between PFY06 and PFY07 and 4% between PFY05 and PFY06. A similar decline was also evident for inpatient discharges. In contrast, CHC visits decreased by 25% between PFY06 and PFY07, but increased by 6% between PFY05 and PFY06.

Figure 3: Growth in Hospital Uncompensated Care Charges*, PFY05–PFY07



* PFY06 costs based on UC Form data and PFY07 costs based on claims data as of April 2008. Costs include expenses subject to offsets.

UCP User Demographics

In PFY07, the demographic characteristics of UCP users remained essentially unchanged from PFY06, with the majority of UCP users being uninsured, single, childless adults (ages 19 to 64), with very low incomes.

Insurance Status of UCP Users

The majority of UCP users had the UCP as their primary payer; 64% of all medical services and 76% of costs billed to the UCP were for individuals who reported having no insurance, and for whom the UCP was the primary and only payer. As such, the UCP

Table 1: Total Service Volume and Costs by Hospital and CHC, PFY07

	Service Volume	Percent of Total Volume	Allowable Costs to the UCP	Percent of Total Costs
Total Inpatient Discharges	36,899	2%	\$188,409,070	30%
Total Outpatient Visits*	1,320,633	78%	\$392,772,305	63%
Total Hospital Discharges/Visits	1,357,532	80%	\$581,181,375	93%
CHC Visits	332,906	20%	\$40,804,018	7%
Total Hospital and CHC Volume	1,690,438	100%	\$621,985,393	100%

* Outpatient Visits include visits to hospital outpatient departments and hospital-licensed community health centers.

paid for all medically necessary services for these uninsured individuals. The remainder of the UCP user population was covered by other public or private insurance, and the UCP was billed for any uncovered services, copayments, and deductibles. For this population, MassHealth was the primary payer for 17% of services and 13% of costs billed to the UCP, Medicare was the primary payer for 5% of services and 1% of costs, and other commercial and government programs were the primary payers for 13% of services and 10% of costs (see Figures 5A and 5B).

The increase in the “other payers” category reflected in Figures 5A and 5B was due to the conversion of Uncompensated Care Pool “UCP only” individuals to Commonwealth Care as their primary payer. In PFY06, 5% of volume and 4% of costs were for cases where “other payers” were primary. The implementation of the Commonwealth Care program in October 2006 caused a shift in the insurance status of UCP users in PFY07. As UCP members enrolled in Commonwealth Care, hospitals changed the coding of their claims to include another payer. Since Commonwealth Care members retained their UCP eligibility simultaneously with their Commonwealth Care eligibility, the UCP continued to receive claims for people who were enrolled in Commonwealth Care and from individuals who were determined eligible to enroll in Commonwealth Care, but did not do so.

Utilization Patterns by Gender

Consistent with previous years, men in the UCP used fewer services than women (41% of services billed to the UCP were for men versus 59% for women), but generated slightly more hospital costs, 52% for men versus 48% for women (see Figures 6A and 6B). This difference reflected a variation in utilization patterns: men were more likely than women to receive inpatient hospital care, which accounted for higher costs to the UCP, while women more typically

Figure 4A: Percent Change in UCP User Outpatient Visits, PFY05–PFY07

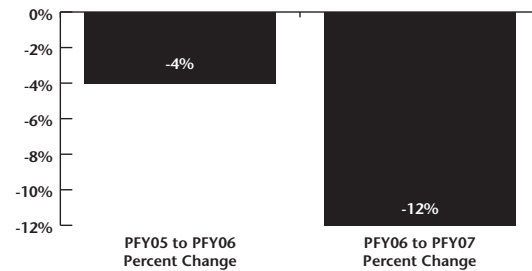


Figure 4B: Percent Change in UCP User Inpatient Discharges, PFY05–PFY07

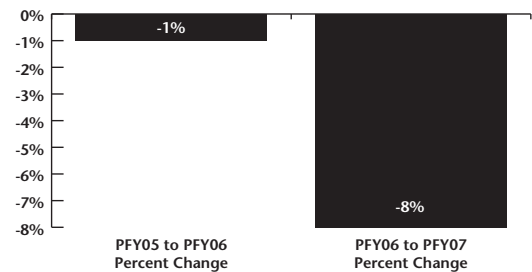
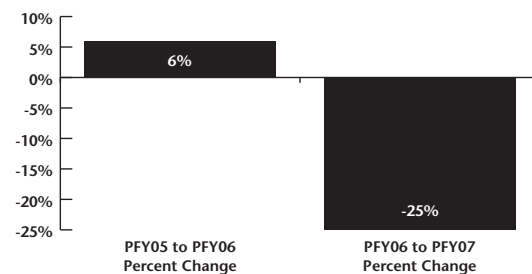
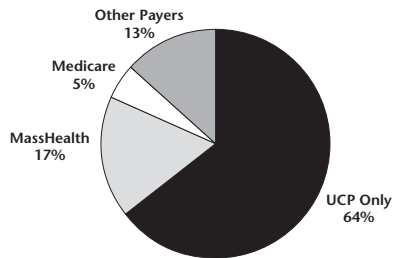
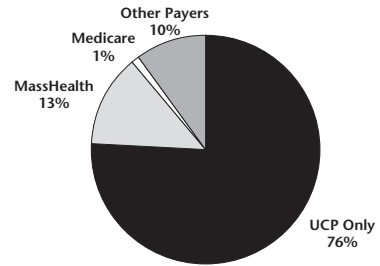


Figure 4C: Percent Change in UCP User CHC Visits, PFY05–PFY07



Figures 5A and 5B: Primary Payer**Percent of Total Service Volume
by Primary Payer, PFY07****Percent of Total Hospital UCP Costs
by Primary Payer, PFY07**

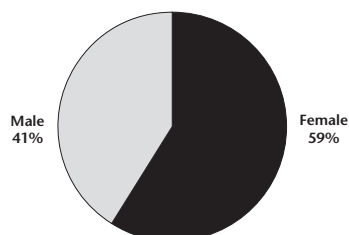
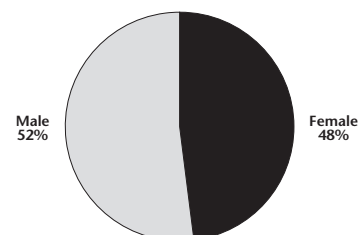
received outpatient services (see also Figures 10A and 10B).

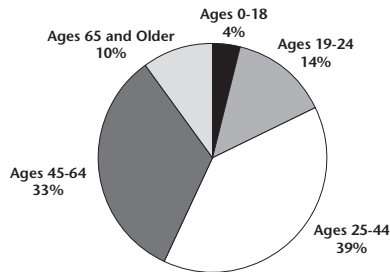
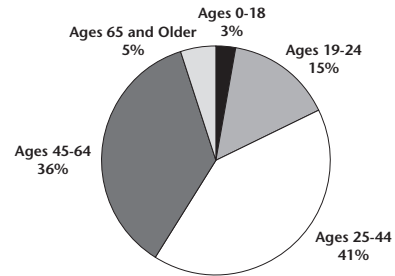
Utilization Patterns by Age

The UCP primarily paid for services for non-elderly adults. During PFY07, adults ages 25 to 44 received the largest percentage of services (39%), while the entire non-elderly population ages 19 to 64 received 85% of the total service volume (see Figure 7A). The distribution of hospital costs by age shows this same pattern (see Figure 7B).

Utilization Patterns by Income

The majority of UCP users were low-income, single adults (see Figures 8A and 9A). Over three-quarters (77%) of services billed to the UCP were for individuals with incomes less than 200% FPL, who were thereby eligible for full uncompensated care. UCP users with no income accounted for 27% of service volume, but accounted for 37% of allowable hospital uncompensated care costs (see Figures 8A and 8B); as a group, they were more costly than other

Figures 6A and 6B: Gender of Patient**Percent of Total Hospital Service Volume
by Gender of Patient, PFY07****Percent of Total Hospital Costs
by Gender of Patient, PFY07**

Figures 7A and 7B: Age of Patient**Percent of Total Hospital Service Volume by Age of Patient, PFY07****Percent of Total Hospital Costs by Age of Patient, PFY07**

UCP users. In contrast, the group of UCP users with family incomes between 101% and 200% FPL were less costly, accounting for 38% of claims, but for only 29% of costs. ERBD claims (for which there are no income data) accounted for 10% of service volume, but 13% of costs.

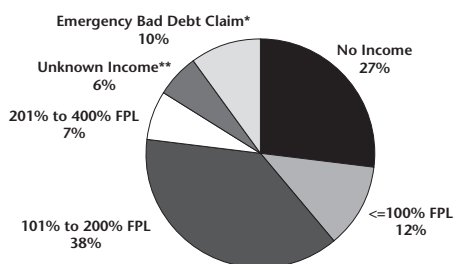
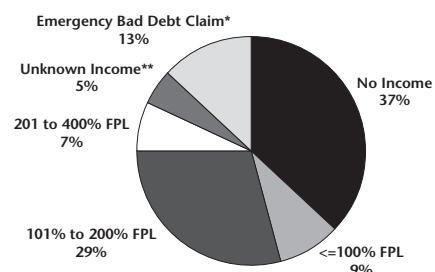
Utilization Patterns by Family Size

Over two-thirds of service volume (72%) and costs (73%) to the UCP were for one or two-person families. Fifty-four per-

cent of all services were for single, childless adults, and another 18% were for two-person families comprised of two adults, or an adult and child (see Figures 9A and 9B).

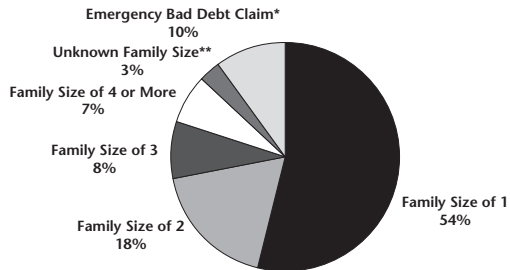
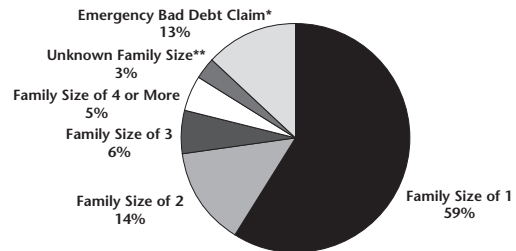
Utilization Patterns of the UCP Population: Hospital Services Billed to the UCP

Except where noted, the utilization patterns of the UCP population for PFY07

Figures 8A and 8B: Reported Family Income**Percent of Total Hospital Service Volume by Family Income, PFY07****Percent of Total Hospital Costs by Family Income, PFY07**

* Data on family income are unavailable for ERBD claims because there were no uncompensated care applications associated with these claims.

** A small percentage of uncompensated care claims could not be matched to a corresponding application, so information on family income is unavailable for these claims.

Figures 9A and 9B: Patient Family Size**Percent of Total Hospital Service Volume
by Patient Family Size, PFY07****Percent of Total Hospital Costs
by Patient Family Size, PFY07**

* Data on family income are unavailable for ERBD claims because there were no uncompensated care applications associated with these claims.

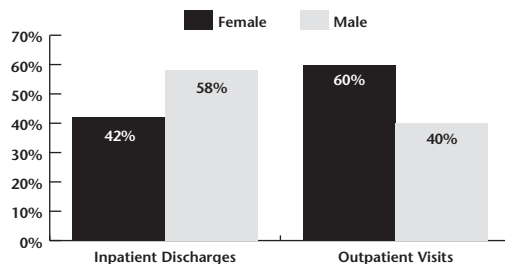
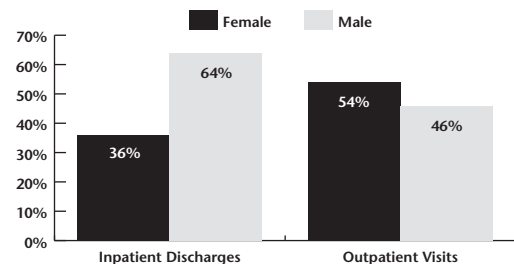
** A small percentage of uncompensated care claims could not be matched to a corresponding application, so information on family income is unavailable for these claims.

remained similar to the patterns of utilization observed in PFY06.

Hospital Utilization by Gender

Utilization of inpatient and outpatient services differed for men and women during PFY07. Fifty-eight percent (58%) of all inpatient services were for men, while 60% of outpatient services (including care in outpatient clinics and hospital-licensed health centers) were for women (see Figure 10A).

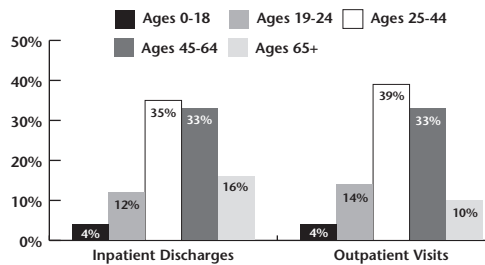
Inpatient care for men accounted for 64% of inpatient costs billed to the UCP, or approximately \$121.1 million, while inpatient care for women accounted for 36% of inpatient costs, approximately \$67.3 million. In contrast, outpatient care for women accounted for over half (54%) of outpatient costs, approximately \$210.7 million, while outpatient care for men accounted for the remainder (46%), approximately \$182.1 million (see Figure 10B, and Table 1).

Figures 10A and 10B: Claim Type and Gender**Percent of Discharges and Visits*
by Claim Type and Patient Gender, PFY07****Percent of Costs* to the UCP
by Claim Type and Patient Gender, PFY07**

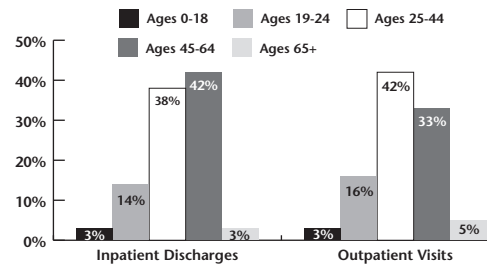
* Includes visits to (and costs associated with) hospital outpatient clinics and hospital-licensed CHCs.

Figures 11A and 11B: Claim Type and Patient Age

Percent of Discharges and Visits* by Claim Type and Patient Age, PFY07



Percent of Costs* to the UCP by Claim Type and Patient Age, PFY07



* Includes visits to (and costs associated with) hospital outpatient clinics and hospital-licensed CHCs.

Hospital Utilization by Age

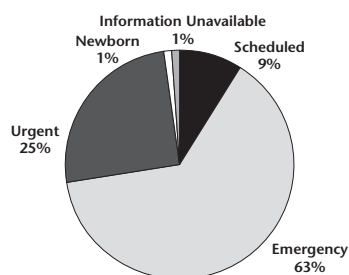
UCP users ages 25 to 44 received the most services of any age group in both hospital inpatient and outpatient settings, and generated a large percentage of costs. However, the inpatient care for UCP users ages 45 to 64 was disproportionately expensive; services for this age group accounted for 33% of inpatient discharges, but 42% of inpatient costs (see Figures 11A and 11B).

Type of Admission

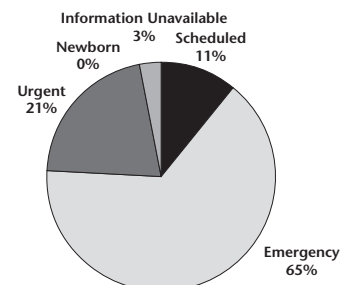
Eighty-eight percent of inpatient hospital services were for emergency or urgent care; slightly less than two-thirds (63%) of these services were for emergency care, and one quarter (25%) were for urgent care. An additional 9% were for scheduled procedures (see Figure 12A). Eighty-six percent of costs to the UCP were for emergency or urgent care (see Figure 12B).

Figures 12A and 12B: Admission Type

Percent of Inpatient Discharges by Admission Type, PFY07



Percent of Costs to the UCP by Inpatient Admission Type, PFY07



Most Frequent Reasons for Inpatient Discharges

During PFY07, the most common two reasons for inpatient care were for circulatory disorders and mental diseases; 25% of services and 26% of costs were attributable to these major diagnostic categories (see Table 2).

Most Frequent Reasons for Outpatient Visits

Outpatient pharmacy services continued to represent the largest proportion of outpatient volume (13%) in PFY07 (see Table 3). However, these visits generated just 6% of outpatient costs in PFY06 (see Table 3). These costs were for outpatient pharmacy services only; when pharmacy services occurred along with other outpatient services, the bill was grouped under the primary service provided. Pharmacy visits as a percentage of outpatient volume have declined since PFY05; in PFY06 outpatient pharmacy services represented 9% of outpa-

tient volume and in PFY05 pharmacy represented 14% of outpatient UCP volume.

Average Cost per Inpatient Discharge and Outpatient Visit

The average cost per hospital discharge or visit increased by 3% in PFY07 when compared with PFY06, and was approximately \$5,106 per inpatient discharge, and about \$297 per hospital outpatient visit (see Table 4). This represents an increase of 1% for the average inpatient cost per discharge, and an increase of 3% for the average outpatient visit compared with PFY06.

Data Notes

Data were drawn from these sources:

Uncompensated Care (UC) Form Monthly Reports from Hospitals and CHCs

Prior to PFY07, hospitals submitted the UC Form, a monthly report of their uncompensated care charges. Beginning in PFY07,

Table 2: Most Frequent Inpatient Major Diagnostic Categories for Uncompensated Care Patients by Percent of Total Discharges and Costs to the UCP, PFY07

MDC*	Percent of Total Inpatient Discharges	Percent of Total Inpatient Costs
Circulatory Diseases and Disorders	14%	16%
Mental Diseases and Disorders	11%	10%
Digestive Diseases and Disorders	11%	11%
Respiratory Diseases and Disorders	9%	7%
Alcohol/Drug Use and Induced Organic Mental Disorders	7%	5%
Musculoskeletal Diseases and Disorders	6%	8%
Nervous System Diseases and Disorders	6%	8%
Hepatobiliary Diseases and Disorders	5%	6%
Skin, Subcutaneous Tissue, and Breast Diseases and Disorders	4%	3%
Pregnancy, Childbirth, and Puerperium	4%	1%
Total for Top 10 MDCs	77%	75%

*Data grouped using the 3M All Patient Grouper version 12.

Table 3: Most Frequent Outpatient Ambulatory Patient Groups for Uncompensated Care Patients by Percent of Total Visits and Costs, PFY07

Ambulatory Patient Groups*	Percent of Total Visits	Percent of Total Costs
Pharmacy	13%	6%
Pulmonary Tests	4%	10%
Individual Comprehensive Psychotherapy	2%	1%
Nonspecific Signs and Symptoms and Other Contacts with Health Services	2%	2%
Simple Gastrointestinal Diseases	2%	4%
Simple Musculoskeletal Diseases Except Back Disorders	2%	1%
Physical Therapy	2%	1%
Skin Diseases	2%	1%
Influenza, Upper Respiratory and Ear, Nose, Throat Infections	2%	1%
Fracture, Dislocation, and Sprain	2%	2%
Total for Top 10 Ambulatory Patient Groups	33%	29%

*Data grouped using the 3M Ambulatory Patient Grouper version 2.1.

hospitals no longer submit the UC Form to the Division. Charge data is analyzed using the UCP claims database. CHCs continue to use the CHC payment form, which details monthly visit activity for CHCs as well as charge activity.

UCP Claims Database

Hospitals and CHCs began electronic submission of claims to the Division in March 2001. During PFY03, the Division

began to withhold payments from hospitals with incomplete data. As a result, compliance with data submission requirements has improved dramatically. Claims data includes demographic data, detailed clinical information, and charge data. In PFY07, UCP claims data were used exclusively.

UCP Applications Database

Hospitals and CHCs began to submit electronic uncompensated care application

Table 4: Average Cost per Inpatient Discharge and Outpatient Visit, PFY07 including Comparison Cost Data from PFY06

	Number PFY07	Hospital Costs to the UCP PFY07	Average Cost PFY07	Average Cost PFY06
Inpatient Discharges	36,899	\$188,409,070	\$5,106	\$5,036
Outpatient Visits	1,320,633	\$392,772,305	\$297	\$289
Total Inpatient Discharges/ Outpatient Visits	1,357,532	\$581,181,375	\$428	\$414

forms to the Division in October 2000. The application contains data as reported by the applicant.

In 2004, UCP applications began to be submitted through the MassHealth application process. These eligibility data were integrated into the UCP application database.

Matched UCP Applications and Claims Database

To the extent possible, the Division matched uncompensated care claims to the corresponding uncompensated care application. Matching was based on the applicant's social security number or tax identification number when available. Additional matching used an algorithm based on other available data such as phonetic last name, phonetic first name, date of birth, provider, etc. Because there were no applications associated with ERBD claims, ERBD claims data were excluded from the match.

The Division's matching algorithm incorporated application data from UCP applications submitted through MassHealth. In PFY07, 95% of uncompensated care claims matched to either a DHCFP or a MassHealth application. A small percentage of claims remained unmatched because of timing issues (e.g., applications submitted after an uncompensated care claim has been written off), or because of inconsistencies in personal identifiers that hindered matching.

Endnote

1. The cost analyses in this section of the report use projected costs based on the charges submitted to the UCP on UCP claims, written off during PFY07 (see Data Notes for an explanation of this data). Hospitals report charges on each claim, and these charges are multiplied by each hospital's projected cost-to-charge ratio to determine hospital costs. Claims with dates of service in PFY07 that were written off in HSN08 were not included in this report because of the transition to the new claims adjudication system. These costs do not reflect payments to hospitals, due to the prospective payment system. Hospital and CHC payment data are included in the Financing section of this report.

Financing

Sources of Funds

The UCP was primarily funded from three sources: an assessment on acute hospitals' private sector charges; a surcharge on payments made to hospitals and ambulatory surgical centers by HMOs, insurers, and individuals; and an annual appropriation from the Commonwealth's General Fund. In some years, additional UCP funding came from other sources. Table 5 summarizes the sources and amounts of funding available to the UCP in PFY07. Detailed information about these funding sources follows.

Hospital Assessments

The total amount paid by all hospitals into the UCP was established by the legislature. The FY07 state budget established a total hospital assessment of \$160.0 million. Each individual hospital's assessment was calculated by multiplying the hospital's private sector charges by the uniform percentage. The uniform percentage was calculated by dividing the total assessment (\$160.0 million) by the total private sector charges from all hospitals statewide, and is currently 1.06% (see Table 8 for each hospital's annual Assessment liability to the UCP). Since each hospital's liability was based on its private sector charges, hospitals that treated more private patients make larger payments to the UCP.

Surcharge Collections

The total amount collected via the surcharge was also established by the Massachusetts legislature. The Division set the surcharge percentage at a level to produce

Table 5: Uncompensated Care Pool Funding

Budgeted Funding	PFY07
Hospital Assessment	\$160,000,000
Surcharge Collections	160,000,000
General Fund Contribution	290,000,000
Offset Funding	70,000,000
Total Funds Available for Uncompensated Care	680,000,000

the total amount specified by the legislature. For PFY07, that amount equaled \$160.0 million. If the Division collected more than \$160.0 million in one year, the Division reduced the surcharge percentage in subsequent years. The surcharge percentage was 2.30% in PFY06, and 2.10% in PFY07.

Over 1,300 registered surcharge payers were making and reporting monthly payments to the UCP in PFY07. Table 6 lists the top surcharge payers and their contributions. Both providers and payers filed reports with the Division that were analyzed to ensure that surcharge payers were paying appropriate surcharge amounts.

General Fund

Each year the Commonwealth also made a General Fund contribution to the UCP. In PFY07 the total General Fund contribution was \$290.0 million.

Additional Funding for Uncompensated Care

Beginning in state FY98, the Commonwealth was able to access additional funding through an offset payment. Between PFY98 and PFY03 these offset payments totaled \$70.0 million annually; the PFY04 payments were \$120.0 million.

In PFY05 and PFY06, the offset payments totaled \$140.0 million, of which \$71.8 million was paid to Boston Medical Center and \$68.2 million was paid to Cambridge Health Alliance. Uncompensated care provided by these two hospitals was funded first from the offset payment and the remainder was charged to the UCP.

In PFY07, offset payments totaled \$70.0 million; \$20.0 million of these funds were paid to Boston Medical Center, and \$50.0 million were paid to Cambridge Health Alliance. Additionally, \$70.0 million of the

Table 6: Surcharge Collections

Surcharge Payer	Collections PFY07	Percent to Total* PFY07
Blue Cross Blue Shield of Massachusetts	\$ 74,307,334	49%
Harvard Pilgrim Health Care	22,524,009	15%
United Health Care	6,759,711	4%
Tufts HMO	6,640,185	4%
Connecticut General Life	5,513,478	4%
Aetna	4,685,755	3%
Total Health Plan	4,436,184	3%
Unicare Life & Health	3,930,191	3%
Fallon Community Health Plan	3,370,345	2%
Health New England	2,447,929	2%
All others	15,623,517	10%
Total PFY07 Collections	150,238,638	100%
Excess Surcharge Revenue from PFY06	9,761,362	
Total	160,000,000	

* Totals may not add to 100% due to rounding.

General Fund contribution to the UCP was also reserved for dedicated payments to Boston Medical Center (\$51.8 million) and Cambridge Health Alliance (\$18.2 million). Therefore, a total of \$140.0 million was offset from allowable uncompensated care costs.

Uses of Funds

Tables 7, 8, 9 and 10 on the following pages provide information regarding the distribution of funds for uncompensated care to hospitals for inpatient and outpatient services, to CHCs, and to the UCP demonstration projects.

A Note on Data

During PFY07, all hospitals were required to submit UB-92 claims rather than the UC Form submitted in prior years. As a result, the charges presented in this section of the report, which in previous years were derived from UC Form data, are now based on claims data.

Uncompensated Care Pool Hospital Payment Calculation: Charges

The annual payment calculation was based on hospital charge data. Hospitals reported to the UCP on the distribution of uncompensated care among the allowable categories: full uncompensated care, partial uncompensated care, medical hardship, and ERBD. These data are reported for both inpatient and outpatient uncompensated care services. Partial uncompensated care made up approximately 4.5% of charges to the UCP, and is included in Table 7 within all uncompensated care categories.

PFY07 Uncompensated Care Pool Hospital Assessment and Payment Calculations

Each hospital's annual assessment (column A of Table 8) is based on its private sector charges reported to the Division. On a periodic basis, the Division calculated a

uniform percentage sufficient to generate \$160.0 million in annual UCP funding. This percentage is currently 1.06%.

In PFY04 a prospective payment system was implemented such that the final payment amount for each hospital is calculated and fixed prior to the start of the UCP year. The prospective payments for PFY07 were calculated using total uncompensated care and ERBD charges derived from hospitals' Uncompensated Care Form Reports (May 2005 through April 2006). The Division adjusted the uncompensated care charges using the ratio of each hospital's reasonable costs to charges, calculated by the Division based on each hospital's costs over charges and its efficiency relative to other hospitals. The result of this adjustment was the hospitals' base year costs.

Adjustments to these base costs were made to account for unallowable Critical Access Services, projected savings due to changes in MassHealth covered services, a State Children's Health Insurance Program (SCHIP) expansion, an expansion in the MassHealth Essential Program, the implementation of Commonwealth Care, and projected savings from a new citizenship verification requirement. The results, after all adjustments, totalled the allowable free care cost values.

The allowable free care cost values were then multiplied by group specific trend factors to calculate all hospitals' projected total allowable PFY07 free care costs (TAFCC).

Net adjusted allowable uncompensated care costs were derived by subtracting dedicated and offset payments made directly to Boston Medical Center (\$71.8 million) and Cambridge Health Alliance (\$68.2 million). Net adjusted allowable uncompensated care costs also included, pursuant to 114.6 CMR 11.07 (3) (a) 1.(2), a free standing pediatric hospital payment to Children's Hospital as an add-on (\$5.8 million).

The prospective payment amount was calculated for each hospital by proportion-

Table 7: Uncompensated Care Charges for PFY07

Hospital	Inpatient Emergency Bad Debt	Inpatient Uncompensated Care	Total Inpatient Uncompensated Care	Outpatient Emergency Bad Debt	Outpatient Uncompensated Care	=	Total Uncompensated Care	Net Total Emergency Bad Debt	Net Total Uncompensated Care	Total UC and ERBD
Anna Jaques Hospital	\$ 272,869	\$ 1,896,036	\$ 2,168,905	\$ 1,054,884	\$ 1,247,629		\$ 2,302,513	\$ 1,327,753	\$ 3,143,665	\$ 4,471,418
Althol Memorial Hospital	0	293,189	293,189	152,551	1,089,938		1,242,489	152,551	1,383,127	1,535,678
Baystate Medical Center	1,700,559	15,541,231	17,241,790	4,488,109	11,989,701		16,477,810	6,188,668	27,530,932	33,719,600
Berkshire/Hillcrest	720,067	5,378,425	6,098,492	2,580,327	6,106,793		8,687,120	3,300,394	11,485,218	14,785,612
Beth Israel Deaconess Medical Center	4,308,654	19,384,764	23,693,418	3,649,709	33,731,209		37,380,918	7,958,363	53,115,973	61,074,336
Beth Israel Deaconess Hosp-Needham	14,418	265,305	279,723	301,427	359,656		661,083	315,845	624,961	940,806
Boston Medical Center (Hosp + CHCs)	355,757	46,122,325	46,478,082	12,579,340	181,150,633		193,729,973	12,935,097	227,272,958	240,208,055
Brigham and Women's Hospital	2,392,627	37,235,591	39,628,218	1,981,084	32,335,021		34,316,105	4,373,711	69,570,612	73,944,323
Brockton Hospital	1,615,328	7,720,589	9,335,917	5,265,231	10,837,076		16,102,307	6,880,559	18,557,665	25,438,224
Cambridge Health Alliance	2,105,609	25,629,859	27,735,468	8,974,118	101,070,039		110,044,157	11,079,727	126,699,898	137,779,625
Cape Cod Hospital	1,520,936	5,165,639	6,686,575	3,890,587	7,005,506		10,896,093	5,411,523	12,171,145	17,582,668
Caritas Norwood Hospital	363,205	3,152,218	3,515,423	1,505,295	2,601,668		4,106,963	1,868,500	5,753,886	7,622,386
Caritas Carney Hospital	529,778	2,919,226	3,449,004	1,340,023	3,042,579		4,382,602	1,869,801	5,961,805	7,831,606
Children's Hospital Boston	745,689	4,257,749	5,003,438	663,459	5,631,420		6,294,879	1,409,148	9,889,169	11,298,317
Clinton Hospital	48,668	897,899	946,567	512,573	811,870		1,324,443	561,241	1,709,769	2,271,010
Cooley Dickinson Hospital	138,927	2,330,746	2,469,673	545,596	2,213,013		2,758,609	684,523	4,543,759	5,228,282
Dana-Farber Cancer Institute	0	218,735	218,735	0	9,237,105		9,237,105	0	9,455,840	9,455,840
Emerson Hospital	289,432	1,941,986	2,231,418	232,220	1,037,684		1,269,904	521,652	2,979,670	3,501,322
Merrimack Valley Hospital	491,307	724,695	1,216,002	1,435,079	1,087,654		2,522,733	1,926,386	1,812,349	3,738,735
Fairview Hospital	21,503	154,142	175,645	432,027	1,179,397		1,611,424	453,530	1,333,539	1,787,069
Falmouth Hospital	367,167	1,364,365	1,731,532	1,453,309	2,801,090		4,254,399	1,820,476	4,165,455	5,985,931
Faulkner Hospital	263,143	2,793,820	3,056,963	1,605,346	3,798,835		5,404,181	1,868,489	6,592,655	8,461,144
Baystate Franklin Medical Center	222,938	1,744,892	1,967,830	897,238	3,235,745		4,132,983	1,120,176	4,980,637	6,100,813
Caritas Good Samaritan Medical Center	458,485	3,855,698	4,314,183	1,830,743	5,855,888		7,686,631	2,289,228	9,711,586	12,000,814
Hallmark Health System, Inc.	510,469	2,000,804	2,511,273	2,131,312	3,245,012		5,376,324	2,641,781	5,245,816	7,887,597
Harrington Memorial Hospital	409,615	430,923	840,538	346,150	570,032		916,182	755,765	1,000,955	1,756,720
Health Alliance Hospital	292,265	2,820,618	3,112,883	2,162,935	6,141,312		8,304,247	2,455,200	8,961,930	11,417,130
Heywood Hospital	90,588	1,096,781	1,187,369	1,103,457	2,346,887		3,450,344	1,194,045	3,443,668	4,637,713
Caritas Holy Family Hospital + Med Ctr	856,404	3,466,156	4,322,560	2,815,304	3,219,707		6,035,011	3,671,708	6,685,863	10,357,571
Holyoke Medical Center	225,391	1,801,082	2,026,473	1,061,139	3,901,446		4,962,585	1,286,530	5,702,528	6,989,058
Hubbard Regional Hospital	109,400	228,464	337,864	1,378,200	843,343		2,221,543	1,487,600	1,071,807	2,559,407
Jordan Hospital	1,019,423	2,751,134	3,770,557	3,917,444	5,836,122		9,753,566	4,936,867	8,587,256	13,524,123
Kindred Hospital Boston	0	0	0	0	0		0	0	0	0
Kindred Hospital Boston North Shore	0	0	0	0	0		0	0	0	0
Lahey Clinic	1,868,562	3,388,399	5,256,961	1,047,854	2,816,994		3,864,848	2,916,416	6,205,393	9,121,809
Lawrence General Hospital	1,268,161	4,637,882	5,906,043	3,539,647	8,887,427		12,427,074	4,807,808	13,525,309	18,333,117
Lowell General Hospital	158,150	2,424,400	2,582,550	1,749,846	5,925,763		7,675,609	1,907,996	8,350,163	10,258,159
Marlborough Hospital	173,813	2,398,719	2,572,532	1,816,785	3,283,135		5,099,920	1,990,598	5,681,854	7,672,452
Martha's Vineyard Hospital	0	1,073,102	1,073,102	708,457	6,341,132		7,049,589	708,457	7,414,234	8,122,691

Table 7: Uncompensated Care Charges for PFY07

Hospital	Inpatient Emergency Bad Debt	+	Inpatient Uncompensated Care	=	Total Inpatient Uncompensated Care	+	Outpatient Emergency Bad Debt	=	Outpatient Uncompensated Care	Total Outpatient Uncompensated Care	Net Total Emergency Bad Debt	Net Total Uncompensated Care	Total UC and ERBD
Baystate Mary Lane Hospital	\$ 17,602		\$ 305,084		\$ 322,686		\$ 452,620		\$ 1,257,508	\$ 1,710,128	\$ 370,222	\$ 1,562,592	\$ 2,032,814
Massachusetts Eye and Ear Infirmary	66,820		578,378		645,198		308,958		1,762,798	2,071,756	1,772,778	2,341,176	2,716,954
Massachusetts General Hospital	4,686,978		58,821,754		63,508,732		2,713,323		82,883,252	85,596,575	7,400,301	141,705,006	149,105,307
Mercy Medical Center	930,697		5,973,527		6,904,224		2,963,532		3,586,186	6,549,718	3,894,229	9,559,713	13,453,942
MetroWest Medical Center	878,560		5,495,815		6,374,375		3,939,323		7,855,430	11,794,753	4,817,883	13,351,245	18,169,128
Milford Regional Medical Center	112,828		1,594,633		1,707,461		2,157,760		2,543,509	4,701,269	2,270,588	4,138,142	6,408,730
Milton Hospital	178,722		601,614		780,336		570,426		648,398	1,218,824	749,148	1,250,012	1,999,160
Morton Hospital and Medical Center	325,519		1,717,862		2,043,381		2,537,137		3,896,334	6,433,471	2,862,656	5,614,196	8,476,852
Mount Auburn Hospital	244,279		3,953,138		4,197,417		901,225		5,839,733	6,740,958	1,145,504	9,792,871	10,938,375
Nantucket Cottage Hospital	48,756		147,338		196,094		949,087		932,137	1,881,224	997,843	1,079,475	2,077,318
Nashoba Valley Medical Center	99,085		616,014		715,099		652,715		1,631,011	2,283,726	751,800	2,247,025	2,998,825
New England Baptist Hospital	0		212,100		212,100		0		333,370	333,370	0	545,470	545,470
Tufts-New England Medical Center	766,042		15,487,819		16,253,861		248,118		9,141,485	9,389,603	1,014,160	24,629,304	25,643,464
Newton-Wellesley Hospital	548,319		3,687,657		4,235,976		1,518,826		2,299,596	3,818,422	2,067,145	5,987,253	8,054,398
Noble Hospital	67,983		480,706		548,689		581,249		1,098,252	1,679,501	649,232	1,578,958	2,228,190
North Adams Regional Hospital	19,780		1,126,386		1,146,166		132,762		1,792,397	1,925,159	152,542	2,918,783	3,071,325
North Shore Medical Center, Inc.	790,304		8,656,366		9,446,670		4,160,560		16,429,514	20,590,074	4,950,864	25,085,880	30,036,744
Northeast Health System	265,871		4,652,830		4,918,701		2,526,028		5,407,081	7,933,109	2,791,899	10,059,911	12,851,810
Quincy Medical Center	317,960		2,076,721		2,394,681		969,201		3,026,422	3,995,623	1,287,161	5,103,143	6,390,304
Saint Vincent Hospital	1,188,555		5,311,165		6,499,720		1,685,766		2,633,253	4,319,719	2,874,321	7,945,118	10,819,439
Saints Medical Center	302,392		2,098,421		2,400,813		1,239,893		2,999,459	4,239,352	1,542,285	5,097,880	6,640,165
South Shore Hospital	85,233		4,546,775		4,632,008		2,475,077		5,251,291	7,726,368	2,560,310	9,798,066	12,338,376
Southcoast Hospitals Group	1,241,769		11,678,709		12,920,478		4,592,055		17,152,570	21,744,625	5,833,824	28,831,279	34,665,103
Saint Anne's Hospital	640,989		1,877,403		2,518,392		2,313,156		4,430,783	6,743,939	2,954,145	6,308,186	9,262,331
Caritas St. Elizabeth's Medical Center	384,696		5,577,188		5,961,884		1,009,117		3,730,467	4,739,584	1,393,813	9,307,655	10,701,468
Sturdy Memorial Hospital	143,570		1,295,224		1,438,794		1,905,571		2,871,314	4,776,885	2,049,141	4,166,538	6,215,679
UMass Memorial Medical Center	3,429,004		38,340,446		41,769,450		6,703,608		36,634,277	43,337,885	10,132,612	74,974,723	85,107,335
Winchester Hospital	414,978		840,800		1,255,778		1,227,432		1,697,213	2,924,645	1,642,410	2,538,013	4,180,423
Wing Memorial Hospital and Med Ctrs	292,954		1,613,751		1,906,705		378,126		2,239,853	2,617,979	671,080	3,853,604	4,524,684
Totals	44,419,552		408,873,212		453,292,764		132,961,456		714,821,054	847,782,510	177,381,008	1,123,694,266	1,301,075,274

Notes:
1. Kindred-Boston and Kindred-North Shore reported no uncompensated charges for PFY07 (October 2006 through September 2007).
2. All data are unaudited and subject to change with future updates and calculations.

Table 8: PFY07 Assessments and Payments

Hospital	Annual Hospital Assessment A	UCP Payments to Hospitals B	Net Annual Payments to Hospitals C (B – A)
Anna Jaques Hospital	746,279	1,398,020	651,741
Athol Memorial Hospital	244,139	452,034	207,895
Baystate Medical Center	4,981,991	12,323,047	7,341,056
Berkshire/Hillcrest	1,665,773	8,481,772	6,815,999
Beth Israel Deaconess Med Ctr	10,253,443	19,917,687	9,664,245
Beth Israel Deaconess Med Ctr- Needham	545,012	372,248	(172,764)
Boston Medical Center	3,953,596	167,123,356	163,169,760
Brigham & Women's Hospital	14,983,113	18,978,949	3,995,836
Brockton Hospital	1,116,969	12,741,713	11,624,744
Cambridge/Somerville Hospital	1,511,839	62,264,259	60,752,420
Cape Cod Hospital	2,244,413	9,817,135	7,572,722
Caritas Norwood	1,286,807	2,606,798	1,319,991
Carney Hospital	489,951	4,764,685	4,274,734
Children's Hospital	8,406,594	10,599,137	2,192,543
Clinton Hospital	211,759	644,561	432,802
Cooley Dickinson Hospital	1,281,229	2,235,553	954,324
Dana-Farber Cancer Institute	5,245,830	2,479,708	(2,766,122)
Emerson Hospital	2,447,806	954,183	(1,493,623)
Essent Health / Merrimac Vall	387,554	1,544,886	1,157,332
Fairview Hospital	179,337	846,221	666,884
Falmouth Hospital	1,011,784	2,698,482	1,686,698
Faulkner Hospital	2,322,216	2,034,839	(287,376)
Franklin Medical Center	637,253	2,172,513	1,535,260
Good Samaritan Medical Center	1,070,049	4,586,143	3,516,094
Hallmark Health	2,262,691	3,053,065	790,374
Harrington Memorial Hospital	475,348	1,444,764	969,416
Health Alliance	1,105,502	2,727,233	1,621,731
Henry Heywood Memorial Hosp.	833,521	1,464,290	630,769
Holy Family Hospital	1,311,181	3,710,510	2,399,329
Holyoke Hospital	606,573	3,847,882	3,241,309
Hubbard Regional Hospital	219,160	1,037,823	818,663
Jordan Hospital	2,011,067	3,698,695	1,687,628
Kindred-Boston	116,002	141,788	25,786
Kindred-North Shore	80,416	0	(80,416)
Lahey Clinic Hospital, Inc.	5,069,366	3,656,519	(1,412,847)
Lawrence General Hospital	831,822	8,805,538	7,973,716

Table 8: PFY07 Assessments and Payments

Hospital	Annual Hospital Assessment	UCP Payments to Hospitals	Net Annual Payments to Hospitals
	A	B	C (B – A)
Lowell General Hospital	1,894,728	2,487,118	592,390
Marlborough Hospital	657,628	1,683,392	1,025,765
Martha's Vineyard Hospital	381,781	1,087,074	705,293
Mary Lane Hospital	251,914	881,294	629,380
Mass. Eye & Ear Infirmary	1,268,190	1,344,018	75,828
Mass. General Hospital Corp.	18,778,025	39,293,395	20,515,370
Mercy Hospital	1,179,511	5,670,709	4,491,199
MetroWest Medical Center, Inc.	2,588,175	5,384,593	2,796,418
Milford-Whitinsville Hospital	1,890,534	2,508,915	618,381
Milton Hospital	580,670	610,856	30,185
Morton Hospital	940,708	3,114,583	2,173,875
Mount Auburn Hospital	2,256,802	3,918,676	1,661,874
Nantucket Cottage Hospital	228,916	1,161,346	932,430
Nashoba Valley	572,786	943,808	371,022
New England Baptist Hospital	1,629,016	185,792	(1,443,224)
New England Medical Center	5,394,047	7,089,062	1,695,016
Newton-Wellesley Hospital	4,700,354	2,896,854	(1,803,500)
Noble Hospital	436,872	1,064,189	627,317
North Adams Regional Hosp.	415,650	1,293,592	877,942
North Shore Medical Center	3,167,628	10,520,719	7,353,092
Northeast Hospital Corporation	2,329,182	4,878,853	2,549,672
Quincy Hospital	696,476	3,578,291	2,881,815
Saint Vincent Hospital	2,385,309	4,820,638	2,435,329
Saints Memorial	1,009,562	2,035,122	1,025,560
South Shore Hospital, Inc.	3,005,341	4,979,207	1,973,866
Southcoast	3,416,517	16,536,039	13,119,521
St. Anne's Hospital	832,498	3,264,892	2,432,394
St. Elizabeth's Hospital	1,722,949	5,674,337	3,951,388
Sturdy Memorial Hospital	972,028	2,727,132	1,755,105
UMass Memorial	9,528,376	18,638,695	9,110,319
Winchester Hospital	2,371,162	1,662,311	(708,851)
Wing Memorial Hospital	369,283	2,438,460	2,069,177
	160,000,000	550,000,000	390,000,000

Notes:

1. Payment amount includes dedicated payments made to Boston Medical Center and Cambridge Health Alliance from the Uncompensated Care Trust Fund, but does not include offset payments made from the Medical Assistance Trust Fund.
2. The annual hospital assessment is calculated by multiplying each hospital's private sector charges (PSC) by the uniform assessment rate of 0.97%. Private sector charges are derived from the fiscal year 2007 403 Cost Reports filed by hospitals.

ally distributing the remaining available funding of \$480.0 million. No payment was to exceed 100% of TAFCC for any hospital.

Hospitals identified as safety-net-DSH or community-DSH hospitals received at least 90% of their total PFY06 payment or 100% of their projected PFY07 TAFCC, whichever was higher. The other providers received the remaining funding distributed proportionally based on their TAFCC.

Table 8 includes each hospital's net annual payments to or from the UCP (column C), calculated by subtracting the hospital's assessment from its hospital payment. However, hospitals made and received payments based on the gross amounts.

Community Health Center Payments for Uncompensated Care, PFY07

CHCs report monthly allowable uncompensated care costs to the Division. Beginning in PFY04 a set amount was appropriated for payments to CHCs, and \$40.8 million was paid out to CHCs during PFY07 (see Table 9). Included in the \$40.8 million was a PFY07 final submission payment of \$658,000. The Division withheld \$16,090 for non-compliance with Credit and Collection policies, pending filing requirements.

Demonstration Projects

In July 1997, the Massachusetts legislature enacted legislation (M.G.L. c.118G s.18) authorizing the Division to allocate up to \$10.0 million in UCP funds per fiscal year for demonstration projects designed to demonstrate alternative approaches to improve health care and reduce costs for the uninsured and underinsured. Each demonstration project was required to demonstrate the potential to save the UCP at least \$1 for every dollar it received in funding. None of the projects established cost-neutrality although two case management projects that targeted patients with congestive heart failure approached cost-neutrality. Chapter

47 also designated specific funds for three programs: the Ecu-Health Care project, the Hampshire Health Access project, and the Fishing Partnership Health Plan. These three projects continued to receive UCP funding through PFY07 (see Table 10).

Ecu-Health Care, Inc. and Hampshire Health Access

The Division provided \$80,000 (\$40,000 each) in UCP funds annually to the Ecu-Health Care program in North Adams and to the Hampshire Health Access program in Northampton. These programs helped link local residents to affordable and accessible health care by assessing their eligibility for state programs such as MassHealth and the Children's Medical Security Plan (CMSP). If applicants were not eligible for a state program, they were referred to local physicians who agreed to treat patients at a reduced or no cost. In the state FY03 budget the legislature extended these projects through FY07.

Fishing Partnership Health Plan

The Fishing Partnership Health Plan (FPHP) offers fishermen and their families the opportunity to purchase health insurance at a reduced rate, made possible through subsidized premiums provided by the UCP. The FPHP is a freestanding trust fund that operates separately from the two primary sponsoring organizations: Caritas Christi Health Care System and the Massachusetts Fishermen's Partnership, Inc. In FY02, the state legislature allocated increased funding from \$2.0 million to \$3.0 million a year effective FY03 through FY07.

The FPHP contracts with Harvard Pilgrim Health Care to offer fishermen and their families a comprehensive benefit package that includes access to Harvard Pilgrim's network of providers, mental health services, and pharmacy coverage. All fishermen, regardless of health status or current insurance coverage, may enroll in the plan. FPHP offers four tiers of membership

Table 9: Community Health Center Payments for Uncompensated Care, PFY06 and PFY07

Community Health Center	PFY06	PFY07	Difference	% Change
Boston Health Care for the Homeless Program	\$ 1,005,807	\$ 807,760	\$ (198,047)	-19.7%
Brockton Neighborhood Health Center	2,698,621	2,842,079	143,458	5.3%
Cape Cod Free Care Clinic-Falmouth	219,089	154,347	(64,742)	-29.6%
Caring Health Center	652,477	294,092	(358,385)	-54.9%
Children's Health Program	281,217	225,445	(55,772)	-19.8%
Community Health Center of Franklin County	708,896	591,125	(117,771)	-16.6%
Community Health Connections	2,485,393	1,865,415	(619,978)	-24.9%
Dimock Community Health Center	653,085	463,595	(189,490)	-29.0%
Family Health and Social Service Center	2,454,863	2,254,090	(200,773)	-8.2%
Fenway Community Health Center	259,668	186,218	(73,450)	-28.3%
Geiger-Gibson Community Health Center	788,377	700,658	(87,719)	-11.1%
Great Brook Valley Health Center	6,545,264	5,537,292	(1,007,972)	-15.4%
Greater Lawrence Family Health Center	2,534,165	2,496,246	(37,919)	-1.5%
Greater New Bedford Community Health Center	2,378,655	2,145,304	(233,351)	-9.8%
Harvard Street Neighborhood Health Center	641,495	486,023	(155,472)	-24.2%
Health First Family Care Center	586,219	577,922	(8,297)	-1.4%
Hilltown Community Health Center	392,636	276,226	(116,410)	-29.6%
Holyoke Health Center, Inc.	1,323,445	1,106,495	(216,950)	-16.4%
Island Health Care, Inc.	162,357	174,873	12,516	7.7%
Joseph M. Smith Community Health Center	2,543,374	2,746,071	202,697	8.0%
Lowell Community Health Center	903,202	786,016	(117,186)	-13.0%
Lynn Community Health Center	4,371,723	4,278,526	(93,197)	-2.1%
Manet Community Health Center	700,417	515,116	(185,301)	-26.5%
Mattapan Community Health Center	372,988	305,689	(67,299)	-18.0%
Mid-Upper Cape Community Health Center	645,707	669,313	23,606	3.7%
Neponset Health Center	826,490	724,109	(102,381)	-12.4%
North End Community Health Center	224,120	108,882	(115,238)	-51.4%
North Shore Community Health Center	1,087,045	1,125,774	38,729	3.6%
O'Neil Health Clinic, Inc. / Duffy Health Center	393,135	301,907	(91,228)	-23.2%
Outer Cape Health Services, Inc.	455,637	340,365	(115,272)	-25.3%
Roxbury Comprehensive Community Health Center	498,200	328,651	(169,549)	-34.0%
Sidney Borum Jr. Health Center	80,895	49,075	(31,820)	-39.3%
South Cove Community Health Center	3,720,506	3,285,259	(435,247)	-11.7%
South End Community Health Center	394,037	409,286	15,249	3.9%
Stanley Street Treatment and Resources	435,932	349,841	(86,091)	-19.7%
Upham's Corner Health Center	814,113	663,020	(151,093)	-18.6%
Whittier Street Neighborhood Health Center	873,157	631,913	(241,244)	-27.6%
TOTAL	46,112,408	40,804,018	(5,308,390)	-11.5%

Table 10: PFY07 Demonstration Projects

	PFY06	PFY07
Demonstration Projects		
Ecu-Health Care	\$ 40,000	\$ 40,000
Hampshire Health Access	40,000	40,000
Fishing Partnership Health Plan	3,000,000	3,000,000
Community Health Center Urgent Care Grant Program*		4,000,000
Community Health Center/Community Mental Health Center Disease Management Program**	91,290*	100,000
Total	3,171,290	7,180,000

* Community Health Center Urgent Care Grant Program demonstration project funded through prior period UCP funds.

** Funds Extended into PFY07

depending on the income of the fishermen; as of June 2007, 2,039 fishermen and their family members were enrolled.

Community Health Center Urgent Care Grant Program

In PFY07, Neighborhood Health Plan (NHP) was awarded \$4.0 million in funding to manage a grant program that focuses on expanding urgent care services available at CHCs in order to reduce unnecessary emergency department use. CHCs who received these grants implemented strategies to expand both regular and urgent care hours of operation, increase capacity, and create multi-provider triage procedures. Over 21,000 additional medical visits were provided as a direct result of this grant program, providing seed money for many of these services to continue in a self-sustaining manner. The funding also provided the opportunity to support increased communication and collaboration between participating centers and the emergency department (ED) located in their community. In November 2007, NHP sponsored a well received Best Practices forum, which

brought together the participating CHCs to share experiences and lessons learned.

Community Health Center/Community Mental Health Center Grants

In PFY07, five CHC and CMHC partnerships were each awarded \$20,000 through the CHC/CMHC demonstration project. The goal of the demonstration project was to improve the diagnosis and treatment of behavioral health disorders through enhanced coordination of care between providers.

Summary of Sources and Uses of Funds

Table 11 provides a summary of the sources and uses of UCP funds in PFY06 and PFY07. The financial summary section contains up-to-date information on PFY07 hospital and CHC UCP expenditures, as well as any annual UCP shortfall or surplus.

UCP Settlements

Due to the nature of the UCP payment system from PFY03 through PFY07, the

Table 11: Uncompensated Care: Sources and Uses of Funds (in \$ millions)

	PFY06	PFY07
Uncompensated Care Trust Fund		
Budgeted Revenue Sources:		
Hospital Assessment	160.0	160.0
Surcharge Payers	160.0	160.0
General Fund Contribution	171.9	290.0
General Fund Transfer, Supplemental Budget (Chapter 106 of the Acts of 2005)	24.1	
Transfer from the MassHealth Essential Program	10.0	
Offsets to UCP	140.0	70.0
Total Sources	666.0	680.0
Uses of Funds:		
Hospitals	(466.0)	(480.0)
Dedicated Payments to Boston Medical Center and Cambridge Health Alliance		(70.0)
Offsets to UCP	(140.0)	(70.0)
Community Health Centers (Budgeted Funding)	(46.1)	(40.8)
Demonstration Projects	(4.0)	(4.0)
Total Uses of Funds	(656.1)	(664.8)
UCP Surplus/(Shortfall):	9.9	15.2

Division was required to make settlements after the end of the UCP fiscal year. PFY03 was the last year for which final settlements were made based on both hospital payments and hospital assessments. Through PFY03, hospital assessments and payments were both estimated at the beginning of the year and reconciled at the end of the year. The Division is still in the process of finalizing the UCP payment settlement for PFY03. From PFY04 through PFY07, providers were reimbursed through prospective payments, which were not reconciled. During this period, only hospital assessments were finalized at the end of the year. All hospital assessment settlements have been finalized.

tions both ensures fairness and increases accountability among providers. The Division's analytical reviews also enhance its ability to complete final settlements on outstanding UCP years.

The Division's UCP review activities had an educational focus, emphasizing a collaborative effort between the agency and providers to learn and implement the regulations. A goal of the audits was to identify issues and correct them system-wide through training. The Division also used reviews to inform UCP policy development. Based on review findings, the Division made adjustments to providers' payments from the UCP that will be implemented upon final settlement.

Audits

The Division continues its review activity. Compliance with the Division's regula-

Production Notes

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